

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 IO-10 ISO-00 COME-00 EB-07 XMB-02 TRSE-00

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INFO AMEMBASSY BONN

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMCONSUL MELBOURNE

AMEMBASSY PARIS

AMCONSUL SYDNEY

AMEMBASSY TOKYO

USMISSION IAEA VIENNA

AMCONSUL BRISBANE

AMCONSUL PERTH

C O N F I D E N T I A L EC BRUSSELS 0174

E.O. 11652: GDS

TAGS: TECH

SUBJECT: URANIUM ENRICHMENT: REPORTED TRIPARTITE INTEREST IN
AUSTRALIAN PLANT

REF: CANBERRA 138 (NOTAL)

1. FOLLOWING INFORMATION AND VIEWS RELATED TO REFTTEL MAY NOT
QUALIFY AS AUTHORITATIVE BUT COULD BE OF INTEREST.

2. THE POSSIBILITY OF JOINT TRIPARTITE GROUP (URENCO) FINANCING
CENTRIFUGE PLANT IN AUSTRALIA IS HIGHLY SUSPECT. THIS GROUP TO
DATE HAS ONLY COMMITTED A PRODUCTION CAPABILITY AT ALMELO AND
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WINDSCALE BASED ON FIRM ORDERS FROM EUROPEAN UTILITIES

(2000 MTSWU/YR BY 1982). THEY HAVE BEEN UNWILLING AND ACCORDING TO OUR SOURCES UNABLE TO FINANCE ENRICHMENT CAPACITY TO MEET REQUIREMENTS BASED ON GENERAL FORECASTS OF NUCLEAR POWER GROWTH. ONLY DIRECT GOVERNMENT SUPPORT IN THE EURODIF DIFFUSION PLANT PERMITTED A COMMITMENT FOR ENRICHMENT CAPACITY WITHOUT FIRM ORDERS FROM UTILITIES FOR THE PRODUCT. EVEN EURODIF HAS FOUND IT NECESSARY TO OBTAIN ONE BILLION DOLLAR LOAN BY IRAN TO HELP FINANCE THE PROJECT.

3. WITH THE DELAYS IN THE U.S. NUCLEAR PROGRAM ALREADY ANNOUNCED AND INDICATIONS OF GROWING EUROPEAN PROBLEM IN FINANCING NUCLEAR PROJECTS, DIFFICULTIES IN COMPLETING THE FACILITIES ON SCHEDULE AND PUBLIC OPPOSITION TO NUCLEAR POWER IT APPEARS SUFFICIENT ENRICHMENT CAPACITY THROUGH 1985 WILL BE SATISFIED BY U.S. EXPANDED FACILITIES, EURODIF, URENCO, AND THE SOVIET CAPACITY PLUS POSSIBLY ONE NEW ENRICHMENT PLANT. FRANCE IS TALKING ABOUT A SECOND EURODIF IN EUROPE OR CANADA, SOUTH AFRICA HAS ANNOUNCED PLANS FOR A NEW PLANT AND THE U.S. WILL CERTAINLY START BUILDING NEW CAPACITY WITHIN NEXT FEW YEARS FOR OPERATION BY 1985. IF AUSTRALIA NOW ENTERS THE HORSE-RACE, SOMETHING WILL HAVE TO GIVE.

4. THIS IS NOT TO SAY THAT EUROPE AND ITS UTILITIES ARE NOT VERY INTERESTED IN AUSTRALIAN URANIUM SUPPLIES EVEN AS AN ENRICHED PRODUCT, BUT AT THIS STAGE WOULD TAKE STATEMENTS OF TRIPARTITE GROUP FINANCING AN AUSTRALIAN ENRICHMENT PLANT AS "WISHFUL THINKING" ON BOTH SIDES.

5. IT IS GOING TO BE AN INTERESTING POKER GAME BETWEEN THE COUNTRIES THAT HAVE THE ENRICHMENT TECHNOLOGY, LARGE NUCLEAR POWER PROGRAMS, AND THE FINANCIAL RESOURCE TO BUILD NEW ENRICHMENT PLANTS AGAINST THOSE FEW COUNTRIES (I.E., AUSTRALIA, CANADA, AND SOUTH AFRICA) THAT HAVE THE NATURAL URANIUM RESERVES PLUS AND IMPLIED THREATS TO SELL THEIR NATURAL RESOURCES ONLY IN HIGHER VALUE FORMS.
MYERSON

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